



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Haseeb Waqas Sugar Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/446/2017-576 dated November 11, 2024
Respondent:	(i) Mr. Raza Mustafa – Chairman (ii) Mian Abdullah Ilyas – Director/ Chief Executive (iii) Mian Waqas Riaz – Director (iv) Mrs. Yasmin Riaz – Director (v) Ms. Zainab Waqas – Director (vi) Mrs. Shahzadi Ilyas – Director (vii) Ms. Zakia Ilyas – Director (viii) Ms. Aqsa Riaz – Director
Date(s) of Hearing(s):	December 11, 2024
Case represented by:	(i) Mr. Ansar Ahmad (<i>Company Secretary</i>) (<i>As Authorized Representatives</i>)
Provision of law involved:	Section 512(2) of the Companies Act, 2017 and Regulations 4(1) and 7 of the Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020
Date of the Order:	April 25, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through Show Cause Notice No. CSD/ARN/446/2017-576 dated November 11, 2024 (“SCN”) issued to the Board of Directors and Chief Executive Officer of Haseeb Waqas Sugar Mills Limited (the “Company”), hereinafter collectively referred to as the “Respondents”, under Section 512 of the Companies Act, 2017 (the “Act”) and Regulations 4(1) and 7 of the Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020 (the “Regulations”) on account of failure to comply with the provisions of the Act and the Regulations.

2. The Commission, pursuant to provision of Section 220 read with Section 250 of the Act, prescribed a detailed framework for maintenance and audit of cost accounts. The Regulation 4(1) of the Regulations requires the board of directors of every company to appoint its cost auditor for a financial year within one hundred and eighty (180) days of the commencement of financial year.

3. The relevant records of the Commission transpired that in the instant matter the Respondents had failed to appoint Cost Auditors for the year ended September 30, 2024 within the given time period, i.e., by March 28, 2024; whereas the actual appointment was made on October 18, 2024, with a delay of 204 days. The subject delay, *prima facie*, resulted in violation of the relevant requirement of the Regulations which attracts a penal action under Regulation 7 that provides that any contravention of these regulations shall be punishable with a penalty as provided in sub-section (2) of Section 512 of the Act. Whereas, sub-section (2) of Section 512 of the Act provides that a contravention thereof shall be punishable with a penalty which may extend to five million rupees and where the contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues.

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4. In order to probe, the matter was taken up with the Company vide Commission's email dated September 18, 2024 which in its response email dated October 21, 2024 informed that it has appointed cost auditor on October 18, 2024, with a delay of 204 days.

5. Having being not satisfied with the aforesaid response, SCN was issued to the Respondents to show the cause in writing as to why a penal action may not be taken for non-compliance of the mandatory requirements of the Act and the Regulations. In response to SCN, the Company vide letter dated December 05, 2024, *inter alia*, submitted:

"It is submitted that the operations of Haseeb Waqas Sugar Mills Limited were suspended by Honorable Supreme Court of Pakistan. Accordingly, we did not perform any function of production, processing and manufacturing of sugar last six years. Due to which most of the staff laid off and we could not appoint cost auditors of the company on time.

It is submitted that non-compliance with Companies Act/ Regulations, is completely inadvertent. It may therefore, kindly be condoned and the show cause under reply may kindly be withdrawn with no further action taken. We assure you that we will take utmost care in future and ensure compliance under Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020 in true letter and spirit"

6. In order to provide opportunity of personal representation, hearing in the matter was fixed for December 11, 2024, where, Mr. Ansar Ahmad (*Company Secretary*) appeared on behalf of the Respondents as the Authorized Representative (**the "Authorized Representative"**) admitting the oversight with a request for a leniency in the matter.

7. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Respondents through the Authorized Representative. I have also reviewed the relevant provisions of the law, especially Regulation 4(1) of the Regulations which are abundantly clear and unambiguous. At this juncture, it is important to observe that timely appointment of the cost auditors within the stipulated timeline is statutory requirement to ensure regulatory oversight and corporate transparency. In the instant matter, for the financial year ended September 30, 2024, the Company was required to appoint its cost auditor by March 28, 2024 but it failed to do so within the prescribed timeline; thereby violated Regulation 4(1) of the Regulations. This non-compliance undermined the timely execution of the cost audit process, impacting regulatory oversight and corporate accountability.

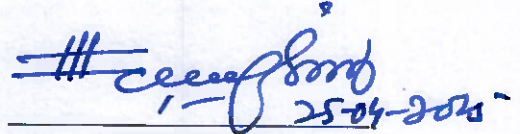
8. Moreover, the arguments by the Authorized Representative that the delay in appointment of the cost auditors was solely due to the shut down of operations of the Company do not hold plausible grounds as the requirements of the law are clear which demand that the cost auditor is to be appointed within one hundred and eighty days from the commencement of the of financial year regardless of the fact that going forward the Company shall be able to undertake business during that period or not.

9. In view of the above stated facts, I am of the well-considered view that Respondents by failing to meet the timeline and inordinate delay, fell short of compliance with the

Order in the matter of Board of Directors of M/s. Haseeb Waqas Sugar Mills Limited dated 25th of April, 2025

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Regulatory framework and the violation of Regulations 4(1) of the Regulations has been established beyond doubt which attracts penal action in terms of Regulations 7 of the Regulations read with Section 512(2) of the Act. However, considering the Respondents' admission of oversight, achieved post-compliance, the fact that the plant remained completely out of operations during the subject period and commitment to ensuring future compliance, I, in light of powers vested under Regulation 7 of the Regulations and Section 512 of the Act read with SRO 1545(I)/2019 dated December 06, 2019, conclude the instant proceeding by **WARNING** the Respondents to exercise careful assessment and due diligence in ensuring compliance with regulatory requirements in the future, in true letter and spirit.

 25-04-2025

(Sohail Qadri)

Director/ Head of Department
Adjudication Department-I

Announced:

Dated: April 25, 2025

Islamabad.

